Published by the City of Lafayette
Spring 2007
Vol. 17, No.2

LAFAYETTE VISTAS

City Faces $24 Million Road Deficit

On June 5, 2007, Lafayette residents will have the opportunity to vote on a tax measure that, if successful, would fund the repair and maintenance of the city's roads and bring all public streets up to a good quality. The City estimates that the total cost to repair the roads is $42 million, and the City's proposed funding sources for the next nine years total $18 million. This leaves a $24 million gap. This is the City's second attempt to address this problem with a voter approved tax. *The purpose of this edition of* ***VISTAS*** *is to provide you with the facts about the measure, but not to persuade you to vote one way or another.*

History

Most of Lafayette's growth occurred in the 1960's, with the population nearly tripling from 7,000 people in 1960 to over 20,000 by 1970. These people needed houses – and roads to get to those houses – and so it has been about 40 years since most of Lafayette's subdivisions were created. Roads that are not maintained will last for 12 to 15 years before the road condition declines steeply, and totally fail at an age of about forty years. Thus, it is not surprising that Lafayette faces this crisis now, forty years after most of our subdivisions were completed.

The City was incorporated as a no-tax city in 1968 and after allocating funds to police, planning and public works, there was little money left over for capital projects and maintenance. Therefore, many of the residential streets have not been adequately maintained or reconstructed. This problem was first identified in 1992, when the City Council formed a citizen's Finance Committee to study budget options. Forty two of the Committee's penny-pinching recommendations were implemented, and "squeeze to pave" has been the dominant budget philosophy for the last 15 years. Since 1992, in addition to $700,000 from gas taxes and revenue from the county transportation measure (Measure J), the City has consistently contributed about $1 million in General Fund money annually to road and drain projects.

MEASURE C

Approving a Parcel Tax for Lafayette Road and Drain Reconstruction and Maintenance

In order to complete Lafayette's road and drain reconstruction program to expeditiously bring all public streets to a good quality and continue the maintenance program, shall the City be authorized to collect a parcel tax not to exceed $150 per year per equivalent residential unit, for thirty years, with the City's all-volunteer Capital Projects Assessment Committee to review expenditures semi-annually to ensure they conform with the purposes of the ballot measure?

The First Fix: 1995

In 1995, recognizing that without significantly cutting services in police, planning and public works, the City did not have sufficient funding to fix all of the City's failing roads. The Council placed the first bond measure on the ballot and it barely passed with 68% of the vote. That tax measure, which raised $13 million and financed 41 specific projects, focused on repairing streets that provided benefit to the most people: arterials and collectors. If you have lived here for the last decade, you have no doubt experienced construction delays on these roads – Moraga Road, St. Mary's Road, Mt. Diablo Blvd., Pleasant Hill Road, Acalanes Road, Reliez Station Road, etc. – while the work was underway. It is now complete and the funds have been depleted. Unfortunately, while $13 million is a significant sum, it was a fraction of the total needed to fix all the public roads in town.

The Second Try: 2004

And so, in 2004, a bond measure was placed on the ballot that would have raised $29 million to repair neighborhood roads. Measure N was an ad valorem tax proposal that would have taxed property owners based on the current assessed value of their homes. Opponents of the measure argued that such a tax was unfair because neighbors in similar houses could pay widely varying tax amounts. Measure N garnered 58% of the vote – a clear majority, but short of the 2/3 necessary to pass.

Where We Are Today

Totally failed roads are very expensive to fix. For every $1 the City spends to maintain good pavement, it costs $5-$10 to rehabilitate or reconstruct failed pavement. Since 2004, the City Council has contributed over $2 million from its reserves, which has decreased the unfunded gap from $29 million to $24 million because the City was able to repair some roads before they fell into the more-costly-to-repair failed condition. As a result, 71% of Lafayette's asphalt surfaces are now considered in "Very Good" or "Good" condition while 29% remain in "Poor" or "Failed" condition.

Furthermore, to protect its recent investments, the City has spent about $1.7 million each year to maintain roads that have recently been rehabilitated.

The result? The City's excess reserves have been depleted, and the remaining $24 million problem is too big to solve using current resources. With total annual General Fund expenditures of $10 million ($1 million of which is already dedicated to road and drain capital improvements) even a 10% cut would only net $900,000, an amount which barely begins to address the problem. Furthermore, such reductions would require cutbacks in other critical city services, including police services, public works, planning, parks and administration, thus reducing police response times and our City's environmental quality. For these reasons, the City Council has concluded that a further tightening of our belt is not a feasible or desirable strategy for solving the problem.

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Frequently Asked Questions

Q: *What about the Veterans' Memorial Building and the Library? Why would the City spend so much money on these projects knowing that we have this large deficit?*

A: The Veterans Memorial Building was jointly paid for by the County, the Lafayette Redevelopment Agency (RDA) and the Walnut Creek RDA. Not a penny of funding for the Veterans Building came from the City of Lafayette. Likewise, Library construction will be funded by the State, private donors and the Lafayette RDA – and not by the City. To be clear: funds spent on the Veterans Building or the Library could not, under any circumstances, be used for neighborhood road construction or maintenance.

Q: *Why did the City put in a costly signal and trellis in front of the Lafayette Park Hotel? Wouldn't that money have been better spent fixing some roads?*

A: After a number of pedestrians were almost hit in the uncontrolled crosswalk, the Hotel's manager approached the City with a proposal to levy a higher hotel tax that could fully fund the signal improvements over a ten year period. The Council, in the interest of public safety, agreed to the proposal and voters approved the tax hike. Note that the tax will be levied in perpetuity, thus generating additional revenue for the City to maintain those improvements as well as fund other projects.

Q: *Why did the City spend so much money on Pleasant Hill Road? The street was in good condition!*

A: The roadwork and signal were part of a regional plan to make the corridor safe for pedestrians and kids on bikes. For its participation, Lafayette received two competitive grants totaling approximately $1.6 million that funded 85% of this project.

Q: *Why is the tax for 30 years? Wouldn't the City save money on interest costs by funding road repair on a pay-as-you-go basis?*

A: At the rate of $150 per ERU, it would take the City 15 years to generate enough revenue to complete work on all the roads that need to be reconstructed. Therefore, some homeowners who live on failed streets would not see any improvement for 15 years. Furthermore, since a properly maintained road will remain in good condition for up to 30 years, the life of the tax roughly matches the life of the road, thus allowing all homeowners – both current and future – to pay their share of the tax while fixing the roads.

Q: *After we fix all the roads, do we have enough money to maintain them or will we be asked for yet another tax?*

A: The City currently contributes $1 million in General Fund money towards the pavement management program and has done so for the past 10 years. In addition, all the revenue from gas taxes and the county transportation measure are earmarked for road repair and maintenance. In total, the City has ongoing revenue of $1.7 million each year which can be allotted to the pavement management program and which should be sufficient to maintain all the public streets in Lafayette once they have been brought up to a good condition.

City Faces $24 Million Road Deficit *(continued from front)*

Going Forward

Instead, the Council, along with a group of volunteers, spent the last two years studying alternative funding options. Since the City receives a relatively low property tax share – just 6.4% of your total property tax payment – and has limited sales tax revenue due to an absence of big box stores and auto malls, there are relatively few other choices available to generate revenue. Some of the ideas that were studied included: a utility user tax, a garbage surcharge, a parcel tax, assessment districts, bond measures and a sales tax increase.

Several opinion polls conducted over the last decade have consistently indicated that a bond measure or parcel tax is most likely to succeed. Because the ad valorem tax generated significant opposition in the 2004 election, the Council chose instead to place a flat parcel tax of $150 per equivalent residential unit on the ballot in June.

The Tax Measure

If approved, the tax would levy $150 per year on each single-family equivalent residential unit (ERU) for 30 years. The tax for multi-family parcels would be based on the number of units on the property. Commercial properties would be assigned a tax based on the size of the improvements on the property (see table). The logic behind this assessment structure is that, the larger the commercial building, the more traffic it likely generates. If approved, the tax will generate approximately $1.5 million each year, all of which would finance the $24 million necessary to complete the unfunded repair and reconstruction work. The City estimates that, if the tax passes, the work would take about nine years to complete.

The Advisory Measure

In addition to the tax measure, the Council has also placed an advisory Measure D on the ballot that reads as follows:

If the City is authorized to collect a parcel tax for Lafayette road and drain reconstruction and maintenance, should the City continue its current practice of augmenting funds designated for such purposes by appropriating at least $1 million annually from the General Fund for the road and drain maintenance program so that the program remains a high priority?

This measure was put on the ballot at the request of several residents and homeowners groups to ensure that, if the new tax measure passes, the City will continue to support road work at the same level is has for the last decade or so – and not spend the money on other less-necessary pet projects. Although it is an advisory measure and non-binding, this measure reiterates City Council's policy and would also act as a guide for future Councils.

Sample Tax Table*

Property Type	Equivalent Residential Units (ERUs)
Single Family Residence	1
Duplex	2
Triplex	3
Fourplex	4
Apartment Buildings	based on # of units
Commercial 0 - 1,000 sq. ft	1
Commercial 1,001 - 5,000 sq. ft.	5
Commercial 5,001 – 10,000 sq. ft.	8
Commercial 10,001 – 20,000 sq. ft.	10
Commercial 20,001 – 50,000 sq. ft.	15
Commercial > 50,000 sq. ft.	20
Vacant	1

*See **www.lovelafayette.org** for complete table.

How the Decision was Made: 10 Years of Study

1997
The City develops a formal **Pavement Management Program (PMP)** to systematically evaluate the condition of all public roads in Lafayette.

2000
The first update to the PMP reveals a $17 million funding gap for road repair.

2002
The second update to the PMP indicates that as roads continue to worsen, the gap has grown to $23 million. The **Capital Projects Funding Committee (CPFC)** explores options to pay for repairs on neighborhood roads.

NOVEMBER 2002
The CPFC suggests that the City Council consider a utility tax, a garbage surcharge, a parcel tax, assessment districts, and a bond measure.

JUNE 2003
A survey of 404 residents indicates that, while there is majority support for a bond measure, the gubernatorial recall clouds its chances of success. The City Council tables the matter until 2004.

SPRING 2004
The third update of the PMP shows that the funding gap is now $29 million.

MAY 2004
The CPFC recommends that a $29 million bond measure be placed on the November ballot. Council discusses the matter at four public meetings.

JULY 2004
The City Council formally adopts an ordinance placing the $29 million **Neighborhood Road Repair Bond Measure** on the November 2004 ballot.

NOVEMBER 2004
Measure N garners 58% vote – short of the 2/3 requirement. Voters reject ad valorem tax approach.

SPRING 2005
Council allocates $2M to PMP, exhausting excess reserves, to maintain roads. By fixing a number of roads before they failed completely, the funding gap was reduced to $24M.

SPRING – FALL 2006
Citizens Road Repair Committee studies funding alternatives. Recommends flat parcel tax be placed before voters.

WINTER 2007
More than 100 people attend council meetings and encourage council to permanently address the road problem.

FEBRUARY 2007
Council places **Measures C & D** on June 2007 ballot that would levy flat $150 tax to repair roads.

Comprehensive Library Funding Plan

On February 12, 2007, the Lafayette Redevelopment Agency awarded the construction contract for the Lafayette Library and Learning Center to C. Overaa & Co. in the amount of $29.5 million. Land costs, utility fees, and architecture and engineering expenditures thus bring the total cost for the facility to $43.3 million.

In conjunction with the bid award, the RDA and the non-profit Lafayette Community Foundation announced a comprehensive funding plan that would not only pay to build the $43.3 million Lafayette Library and Learning Center but also provide funding to operate the new facility for at least 30 years.

The cornerstone of the plan involves a $9 million loan from the Community Foundation to the Lafayette Redevelopment Agency. This loan, when combined with $11.9 million in State funding and $22.4 million from the Redevelopment Agency, provides all the funding required to complete development of the impressive stone, glass, and wood building that will be located at the corner of Mt. Diablo Blvd. and First Street.

"Dig This!" We're Breaking Ground for the new Lafayette Library and Learning Center on April 20th at 4pm.

When the project is completed, the Redevelopment Agency will repay, over time, the loan principal plus a reasonable rate of interest to the Foundation. In total, the Agency will repay an estimated $29 million in principal and interest to the Foundation over approximately 30 years.

The Foundation will, in turn, contribute the funds received from this loan repayment – along with other funds that it collects – to support operations, maintenance, and programs at the Lafayette Library and Learning Center. With existing flows of City and County funds included, the combined revenues should be sufficient to keep the new facility open for 40 hours per week for the next three decades.

This model is unique, and is made possible only by the generosity of more than 2,000 Lafayette households (more than 23%) that have thus far contributed approximately $12.5 million to the Lafayette Library and Learning Center. It is expected to be completed and doors opened in Spring, 2009.

Lafayette in Brief

Crosses of Lafayette Comply with City Codes

In February, the City signed a memorandum of understanding with the organizers of the Crosses of Lafayette installation on Deer Hill Road whereby the organizers agreed to remove the large 64 square foot sign and replace it with one that is 32 square feet. By doing so, organizers brought the installation into compliance with all City codes. Separately, the City has begun a review of the sign ordinance so as to limit the impact of such installations in the future.

Settlement in Palos Colorados Lawsuit

Lafayette, Moraga and the developer of the Palos Colorados housing project agreed to settle a lawsuit concerning the 123-home project for $5 million, to be split by Moraga and Lafayette. This makes up for revenue the communities will not get because the developers abandoned a planned golf course from which the developer had previously agreed to give $5 for every round of golf to the two communities for road repairs and open space. The settlement also calls for strict controls that should limit the project's visibility when viewed from the Lafayette BART station. The settlement is expected to be paid in 2008, after the developer receives the approvals necessary to go forward with the project.

Senior Housing Developer Selected

The City Council, at the recommendation of the Senior Housing Task Force, has selected Eden Housing as the developer to build an affordable independent living senior housing project in Lafayette. Eden Housing, based in Hayward, CA, was founded in 1968 with a mission "to build and maintain high-quality, well-managed, service-enhanced affordable housing communities that meet the needs of lower income families, seniors and persons with disabilities." To date, the company has partnered with twenty cities in six counties to build housing for seniors, families and others in need of affordable housing. In Contra Costa County, Eden has worked with the cities of Clayton, Martinez, Concord, Richmond and Hercules. Eden is currently searching for a suitable site in downtown Lafayette.

Downtown Strategic Plan Underway

Wallace Roberts & Todd, an architectural, urban design and landscape design firm from San Francisco, was selected by a panel of community representatives to prepare the Downtown Lafayette Strategic Plan. It is expected that an outreach program to gather the community's ideas about what our downtown should be in the future will begin this spring. More information about how you can get involved will be posted on the City's website as the outreach program commences.

Lafayette Appoints New Police Chief

Lieutenant Michael Hubbard was selected as Lafayette's next Chief of Police, to replace Chief Mike Fisher who retired at the end of March. With 20 years in the Contra Costa Sheriff's Office, Lt. Hubbard has been a homicide detective and undercover vice/narcotics officer. He was also a patrol officer and a DARE officer in Lafayette from 1989 to 1993 and his experience in the City was one of the key reasons he was selected. Most recently, Lt. Hubbard was head of the division that provides security to the county court facilities and managed a staff of 82 officers. The City is pleased to welcome such a qualified officer who delivers a superb package of technical skills and practical experience, wrapped in a friendly, customer-focused attitude.

City Directory

For Council Members call: **284-1968**

Council Members

Carol Federighi	**Mayor**
Mike Anderson	**Vice Mayor**
Brandt Andersson	**Council Member**
Carl Anduri	**Council Member**
Don Tatzin	**Council Member**

Messages to **all** Council Members:
cityhall@lovelafayette.org

Administration

General Reception and	**284-1968**
Steven Falk, City Manager	**Fax: 284-3169**
Tracy Robinson, Admin. Srv. Dir.	**299-3227**
Gonzalo Silva, Financial Srv. Mgr.	**299-3213**
Joanne Robbins, City Clerk	**299-3210**

Community Development

Ann Merideth, Director	**299-3218**
Tony Coe, Engineering Srv. Mgr.	**284-1951**
Niroop Srivatsa, Planning Srv. Mgr.	**284-1976**
Ron Lefler, Public Works Srv. Mgr.	**299-3214**
P.W. Hotline (to report problems)	**299-3259**

If you observe illegal dumping in creeks & storm drains or accidental spills on roads, call Contra Costa Hazardous Materials Division 646-2286.

Lamorinda School Bus Program

Juliet Hansen, Program Mgr.	**299-3216**
	Or 299-3215

Parks, Trails and Recreation **284-2232**

Jennifer Russell, Director	
Senior Services	**284-5050**
Teen Programs	**284-5815**

Police Services

Emergency: 24 Hours	**911**
Police Dispatch: 24 Hours	**284-5010**
Police Business Office:	**283-3680**

Anonymous Tipline, Traffic Enforcement, Suggestions & LEARN (Laf. Emergency Action Response Network), 299-3232 X 2205

Fax	**284-3169**
Address	**3675 Mt. Diablo Blvd. #210, Lafayette, CA 94549**
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